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Letter dated 9 August 2005 from the Acting Chairman of the Security Council Committee established pursuant to resolution 1373 (2001) concerning counter-terrorism addressed to the President of the Security Council

I write with reference to the Chairman's letter of 3 May 2005 (S/2005/294). The Counter-Terrorism Committee has received the attached fourth report from Myanmar submitted pursuant to paragraph 6 of resolution 1373 (2001) (see annex). I would be grateful if you could arrange for the present letter and its annex to be circulated as a document of the Security Council.

(*Signed*) Ronaldo Mota **Sardenberg**
Acting Chairman
Security Council Committee established pursuant to
resolution 1373 (2001) concerning counter-terrorism

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Annex

Letter dated 9 August 2005 from the Permanent Representative of Myanmar to the United Nations addressed to the Chairman of the Counter-Terrorism Committee

With reference to your letter dated 25 April 2005, I have the honour to transmit herewith the fourth report from the Government of the Union of Myanmar on measures that the Government is undertaking on the implementation of Security Council resolution 1373 (2001) (see enclosure).

(*Signed*) Kyaw Tint Swe
Ambassador
Permanent Representative

Enclosure

Fourth report of the Union of Myanmar to the Counter-Terrorism Committee pursuant to paragraph 6 of resolution 1373 (2001)

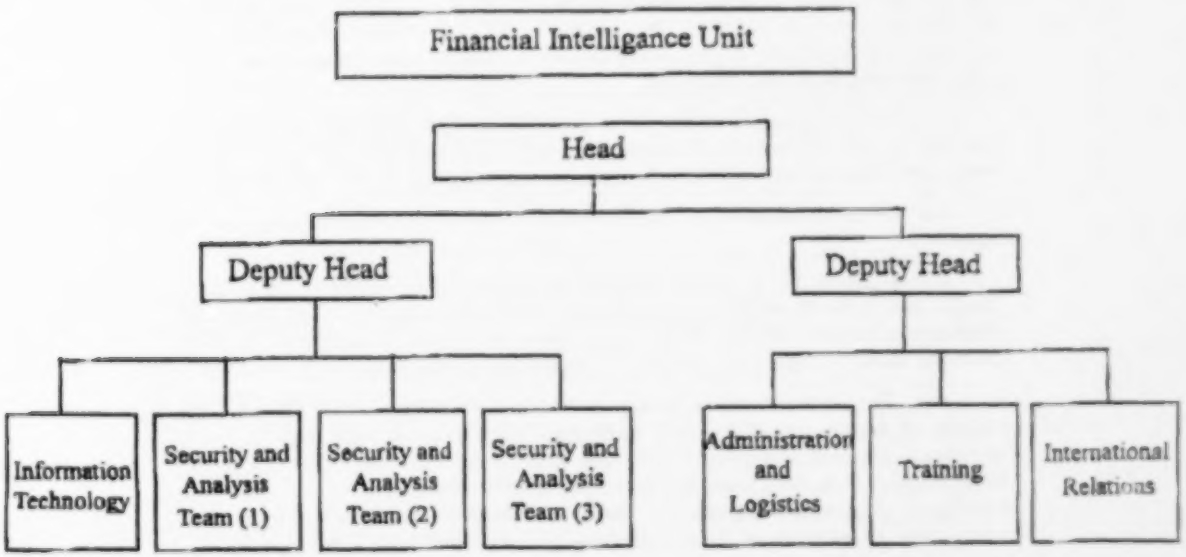
Response to the Communication received from the Counter-Terrorism Committee, dated 25 April 2005

Effectiveness in the protection of financial systems

Implementation measures

1.1 The Financial Intelligence Unit (FIU) was established by the CCB Order No. 3/2004 dated 16 January 2004 with staff of thirty.

Organization Chart of FIU



Functions and duties of FIU

(a) With respect to matters on exchange of information relating to money and property obtained by illegal means, liaising mutually with international organizations, regional organizations and neighbouring countries;

(b) With respect to matters to be carried out by the banks and financial institutions, reporting to the Central Control Board, if no report has been made, on matters that are to be investigated and reported, or if unusual or suspicious information is received;

(c) Reporting to the Central Control Board, if information has been received on illegal financial transactions from sources other than the banks and financial institutions;

(d) Reporting to the Central Control Board, if responsible persons of the Department of Settlements and Land Records and State, Divisional, District and Township Land Records Offices and Registration Offices subordinate to it, fail to give information, after undertaking intelligence measures under section 20 of the Law on the registration of documents relating to the transfer of immovable property, or obtaining information that is unusual or suspicious;

(e) Reporting to the Central Control Board, if responsible persons from relevant government department and organization fail to report on matters that are to be reported or FIU obtains the unusual and suspicious information after investigation relating to money which has been brought in or brought out by any person entering or leaving Myanmar;

(f) Advising and submitting to the Central Control Board on the conduct of training courses to increase technical expertise for responsible persons from the banks and financial institutions, and government departments and organizations;

(g) Sharing information on terrorists and terrorist organizations with relevant agencies.

1.2 Through May 2005, a total of 6,663 large transactions including 60 Property Transaction Reports (PTRs) were filed with FIU, in which 14 are Suspicious Transaction Reports (STRs). These filings have led to four investigation cases for potential Money Laundering. Progress on these cases is as follows:

(a) The case code name **Soesan Zone Operation**. The case is related to the seizure of heroin owned by drug trafficking ring. Seizure order was issued to confiscate the cash and property of drug dealers and their associates. After due investigation, it is found that the offenders clearly committed money laundering relating to drug trafficking offence. Eleven offenders (including 6 fugitives) were prosecuted on account of drug trafficking and punished with death penalty and prison term of 25 years. The money and property seized temporarily as exhibits have been confiscated.

(b) A bank reported a suspicious transaction case to the CCB, which involves remitting 3 to 4 transactions within a day totalling more than threshold amount of 100 million kyats by a gems trading company-Gold Uni. According to due investigation, it is found that the money remittance made by the gems trading company is obtained by legal means and that the money laundering offence is not committed. Case is already closed.

(c) Two property transaction cases were reported to the CCB by the Department of Settlement and Land Record upon finding these transactions were registered under value by the clients. Due to investigation, it was found that the clients have committed tax evasion and intelligence information has been transferred to the Internal Revenue Department to take necessary action. Internal Revenue Department has taken action on the offenders under the Union of Myanmar Tax Law.

1.3 Under the provisions of the Control of Money Laundering Law and its Rules, the banks and financial institutions have the obligation to exercise the "Know your Customer" Policy for customer identification with respect to individuals and corporate entities. Banks are required:

- to obtain satisfactory evidence of legal existence of persons or entities applying to open an account. Personal customer information includes name, address, phone number (if any), date of birth, occupation, citizen scrutiny card number or national registration certificate number, in the case of foreigner, foreigners registration certificate number and if the foreigner is residing abroad, the nationality, passport number and visa number of the person. With respect to business entities applicants, relevant documents such as Certificate of Incorporation, Articles and Memorandum of Association, Agreed Minutes of Board of Directors and Certified Application Form containing specimen signatures of Directors concerned;

- to inspect and scrutinize necessary evidence and documents in carrying out customer due diligence. If data is found to be incorrect or if it is suspected that a false name has been used, banks shall discontinue the account and inform the Central Bank and authorities concerned;

- to keep financial transaction records and related documents for at least a period of five years.

Furthermore, the Central Bank of Myanmar has issued a Directive dated 30 January 2004, instructing the Banks and Financial Institutions that opening of new customer's account must be properly introduced by two customers with existing accounts at the bank.

1.4 Pursuant to UNSC resolution 1373 (2001), all banks and financial institutions in Myanmar have been instructed by the Central Bank of Myanmar's Directive No. 2/2002 to freeze the funds and other assets of and prohibit transactions with suspected terrorists and terrorist organizations. The Central Bank of Myanmar distributes UN list of terrorists and terrorist organizations received through the Ministry of Foreign Affairs to the banks and financial institutions to make serious and thorough scrutiny to ensure that they are not keeping the accounts of the terrorists and terrorist organizations. So far, according to the reports submitted by the banks, no accounts in the names of the individual and entities linked to terrorism have been discovered. Banks are also instructed to continue identifying and reporting suspicious transactions to prevent the opening of accounts by terrorists and their associates, in Myanmar.

1.5 Non-Profit Organizations including charitable and religious associations are required to register as legal entities with the approval of the relevant Ministry. Accounts of those Non Profit Organizations are treated the same way as other clients' accounts. Under the Customer Due Diligence procedures, banks prepare and

record customers' profiles and financial transactions in respect of account opening, depositing, withdrawing and transferring of money. If any unusual or suspicious transactions are detected, banks have the obligation to report to the Central Control Board and to send a copy to the Central Bank. Compliance officers designated by banks are responsible for firmly exercising Customer Due Diligence procedures and reporting suspicious and unusual transactions in order to prevent money-laundering through their institutions.

1.6 Only State-owned banks are allowed to deal in foreign exchange business including external remittances. Moreover, existing foreign exchange regulations do not permit any individuals or business entities to make external remittance except for normal trade and investment purposes.

With respect to internal and external remittances by telegraphic transfer or demand draft, the Central Bank of Myanmar's Directive dated 30 January 2004 requires the banks and financial institutions to fill in the prescribed form and verify the profile of both remitter and beneficiary (payee) with name, national registration card number or passport number, full address as well as the purpose of remittance.

Effectiveness of counter-terrorism

1.7 After the submission of its third report, Myanmar has acceded to the Convention on the Marking of Plastic Explosives for the Purpose of Detection on 1 September 2004, in addition to the two conventions to which Myanmar acceded on 4 June 2004. Myanmar is therefore party to 10 international instruments relating to terrorism.

Regarding the International Convention for the Suppression of the Financing of Terrorism, which is already signed by Myanmar, ratification will take place after domestic processes are completed. Myanmar is also studying the remaining Convention to which Myanmar is not yet a party, with a view to considering eventual accession.

1.8 The Myanmar FIU and Central Committee for Drugs Abuse Control have exchanged financial intelligence on a number of issues regarding drugs trafficking, transnational crime, drugs related money laundering with the following agencies, regions and countries;

(1)	Australian Federal Police (AFP)	4 times
(2)	Drugs Enforcement Administration (DEA)	12 times
(3)	Hong Kong Special Administrative Region, P. R. China	2 times
(4)	India	2 times
(5)	Thailand	5 times
(6)	Taiwan Province, P. R. China	1 time
(7)	Singapore	1 time
(8)	People's Republic of China	5 times

Effectiveness of customs, immigration and border controls

1.9 With a view to preventing and suppressing the financing of terrorist activities, Myanmar Customs Department imposes control on the cross-border illegal movement of cash, negotiable instruments, precious stones and metals. The Customs Department collects the relevant information and takes necessary actions against those offences and reports to the higher authorities. There are four cases of precious stones seizure (approximate value 1.7 million Myanmar kyats), two cases of foreign currency seizures about US$ 184,200 from November 2004 to May 2005.

The CCB Order No. 4/2004 deals with cash couriers, was issued on 1 July 2004 and requires the responsible persons from the Customs Department and relevant government department and organization to report in respect of foreign currency brought in, imported into the country or carried and sent abroad from a seaport, airport or any border area or by money order by post, which exceeds the maximum threshold of US Dollar 10,000 or equivalent amount of any foreign currency.

1.10 The Customs Department has posted intelligence officers in the entry and exit points of the nation to collect intelligence, especially in the supervision of controlling restricted goods and to identify incoming or outgoing passengers, especially movement of terrorists, in cooperation with other law enforcement agencies. Intelligence officers have to submit their reports to Headquarters and the information is transmitted to the Ministry of Finance and Revenue.

Ministry of Immigration and Population circulates UN lists of terrorists and terrorist organizations received through the Ministry of Foreign Affairs to the State and Division Immigration Offices, border checkpoints, international airports and seaports to check the entry and exit of travellers against the list given to them.

1.11 Import or export of all goods in the border areas are released only after 100% examination. In order to identify the high-risk or low-risk consignments, the Customs Department carefully selects targets after tracing out the black-lists of companies, importers or exporters and customs clearance agents which are profiled according to customs offences.

Effectiveness of controls preventing access to weapons by terrorists

1.12 Firearms brokering is not the case in Myanmar. Exportation, importation, production and storage of arms and ammunitions are prohibited under the existing laws of Myanmar. For domestic security, particular or designated persons are allowed to possess or transfer firearms in accordance with chapter (3), paragraph (7) and (8) of the Arms Possession Regulation 1977. The Arms License and Permit Scrutiny Board formed with following persons is authorized to monitor and scrutinize for issuing license and permit;

(a)	Minister Ministry of Home Affairs	Chairman
(b)	Director General Myanmar Police Force	Member
(c)	Colonel (General Staff) Office of Chief of Staff (Army)	Member

(d)	Director General Department of General Administration	Member
(e)	Director Planning and Training Branch Myanmar Police Force (HQ)	Secretary

1.13 Please refer to para. 1.12.

1.14 Myanmar has the Mutual Assistance in Criminal Matters Law and its Rules. The aims of the law are *inter alia* as follows:

- to enable rendering of assistance in criminal matters in accordance with international conventions, regional agreements and agreements among States.
- to enable effective prevention and suppression of other serious crimes including terrorism, financing of terrorism, transnational organized crimes and crimes related to money laundering.